

Chapter 1: Purpose

Background

On December 16, 1997, Public Act 90-561 became effective, creating several new laws and making a number of changes in the Public Utilities Act ("Act") and other statutes. On February 19, 1998, the Illinois Commerce Commission ("Commission" or "ICC") opened Docket 98-0147 as a rulemaking proceeding to implement Section 16-119A(a) of the Act regarding standards of conduct, and Docket 98-0148 as a rulemaking proceeding to implement Section 16-119A(b) of the Act regarding functional separation between generation services and delivery services of Illinois electric utilities. The dockets were consolidated on June 17, 1998.

On January 24, 2002, the Commission issued a Final Order in Docket Nos. 98-0147 and 98-0148 consolidated, which adopted new rules under 83 Ill. Adm. Code 452 Subpart A: Functionally Separated Utility Rules ("FSU Rules") and Subpart B: Integrated Distribution Company Rules ("IDC Rules").

The rules provide for an electric utility in Illinois to be subject to Subpart A or Subpart B of 83 Ill. Adm. Code 452. Subpart A applies to an electric utility in Illinois that is not otherwise approved to operate as an Integrated Distribution Company ("IDC") pursuant to Subpart B. An option is available in Subpart B for an electric utility to elect to become subject to Subpart B and, if approved, operate as an IDC. In order to seek Commission approval to operate as an IDC, an electric utility must file a written implementation plan and affirm its commitment to comply with the provisions of the IDC Rules.

On May 9, 2002, the General Assembly passed an amendment to Section 16-119A of the Act. The amendment allows an electric utility that undergoes a change in ownership to file a new plan. The newly filed plan supersedes any previous plan.

Central Illinois Light Company ("CILCO") filed an implementation plan as a Functionally Separated Utility ("FSU") on May 30, 2002. On July 10, 2002, the Commission issued an order initiating an investigation of the CILCO plan. A final resolution of that investigation has been held in abeyance, and for good cause as later explained.

On December 4, 2002, in Docket 02-0428 the Commission approved the acquisition of CILCO by Ameren Corporation ("Ameren"). The transaction was completed on January 31, 2003. At the time of closing CILCO began doing business as "AmerenCILCO." One of the provisions of the Commission Order approving the acquisition required Ameren's compliance with the Conditions of Approval appended to the Order. Among the Conditions of Approval is a requirement that AmerenCILCO file a petition with the Commission within one calendar year of closing, requesting authority to operate as an IDC, pursuant to Section 16-119A of the Act. For the reasons documented in the Petition

filed in Docket 04-0242, as well as the related motion subsequently filed in Docket 02-0428, AmerenCILCO was granted a delay in the filing of the IDC Implementation Plan.

AmerenCILCO is now filing an IDC Implementation Plan in compliance with Section 16-119A as amended, and pursuant to 83 Ill. Adm. Code Part 452 Subpart B, in order to satisfy the provisions of the Commission Order in Docket 02-0428, as well as align AmerenCILCO with the operations of Central Illinois Public Service Company d/b/aAmerenCIPS and Union Electric Company d/b/aAmerenUE in Illinois.

Since the acquisition, AmerenCILCO systems, processes and procedures have been converted or brought into line with the corresponding systems, processes and procedures utilized by AmerenCIPS and AmerenUE in conducting operations as IDCs. AmerenCIPS and AmerenUE in Illinois currently operate as IDCs in accordance with their Implementation Plan as approved by the Commission on July 10, 2002, in Docket 02-0392.

Implementation Plan Purpose

The purpose of the AmerenCILCO Integrated Distribution Company Implementation Plan (Plan) is to:

1. Seek Commission approval to operate as an IDC by filing a written plan by which AmerenCILCO will implement and affirm its commitment to comply with the provisions of 83 Ill. Adm. Code 452 Subpart B governing its functioning as an IDC.
2. Provide sufficient detail so that the Commission can reasonably ascertain the systems, policies and practices that AmerenCILCO will use to satisfy the requirements of 83 Ill. Adm. Code 452 Subpart B in functioning as an IDC.

IDC Intent

With Commission approval AmerenCILCO intends to operate as an IDC. AmerenCILCO will utilize the same systems, processes and procedures as AmerenCIPS and AmerenUE Illinois in operating as IDCs. Ameren Services Company, an affiliated service company acting as agent for AmerenCILCO, will continue to adhere to the IDC Rules and be subject to the policies and procedures detailed in the Plan as well. AmerenCILCO operating as an IDC will demonstrate Ameren's single mindset in the manner in which it conducts electric utility operations in Illinois.

As an IDC, AmerenCILCO will voluntarily exit the generation market to the fullest extent possible by passively offering the bundled tariff services required in the Act and withdrawing from all non-tariffed power supply relationships with customers as contractual obligations allow. AmerenCILCO will not offer any non-tariffed supply services or delivery services to new or existing customers. AmerenCILCO intends to continue to offer transmission and distribution services through its delivery services

tariffs, as well as through its bundled tariffs. Permissible services as described in Section 452.230 (a) of the IDC Rules may also be offered.

As an IDC, AmerenCILCO will not affirmatively act to obtain or retain any supply service customers as prescribed by the IDC Rules. AmerenCILCO will upon approval as an IDC, no longer engage in promoting its off-system supply marketing business. AmerenCILCO will continue to honor those contracts that are otherwise deemed impermissible, but only as required by their terms. AmerenCILCO will continue to communicate with customers about their supply services options when necessary to do so in its role as transmission and distribution services provider with tariffed supply service obligations.

When approved as an IDC, AmerenCILCO will continue with the practice of not discriminating in any manner against customers based on their choice of electric power supply. AmerenCILCO intends to establish sufficient internal policies and procedures relating to its role as an IDC and instruct affected employees on how to function accordingly. The internal policies, procedures and training will be synonymous to those utilized by AmerenUE and AmerenCIPS in their current operations as IDCs.